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5 JUL 1966

NRO review(s) completed.

MEMORANDUM FOR: Director of Special Activities

SUBJECT: FY 67 Program Approval Impact

1. We have now received our initial 1967 allocation of funds from the Director, NRO, and have completed our first broad review. The following is intended to give you a quick summary of the substance of the paper. We will develop a comprehensive analysis before you return, and a reclamer to NRO is undoubtedly anticipated by them.

2. A quick glance reveals a [] overall cut in the OXCART program from the Presidential Approval of [] to the present allocation of []. The IDEALIST program was cut [] from the Presidential Approval of [] to the present approval of []. Even this cursory review indicates the impossibility of living with cuts of this magnitude without also cutting functions. The basis for the cuts was given as equating the FY 67 effort to the FY 66 effort, based on the amount of money that was obligated toward each contract on 31 May. This, of course, was an erroneous assumption, in that the obligation column as of 31 May did not take into account the year-end adjustments which would normally be made in June.

3. In addition to the budget cuts, the memorandum from Dr. Flax places further restrictions on the use of funds by OSA. Earlier restrictions concerned additions or reductions in the major engine and airframe contracts. The FY 67 authorizations now prohibit adjustments between line items in excess of 5% of the authorized amounts. Adjustments of less than 5% must be approved by the Director of Reconnaissance. It also requires advance D/NRO approval for procurement of new equipment. We believe these will require clarification, because it would not be appropriate to transfer the management of day-to-day activities of OSA from the command channel to the Director of Reconnaissance. Such a move would seriously restrict OSA and DD/S&T control of OXCART and IDEALIST, and make it very cumbersome to maintain operational equipment at the level required.

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4. The following discussion of the impact of the NRO cuts is by project, and follows the format of our budget and NRO approvals:

a. OX CART

(1) Airframe Support. The [] cut in the airframe support from [] will probably dictate a lessening of sustaining engineering, flight test and support by sub-contractor technical representatives such as the air research team that maintains our inlets. Our spares and operational support crews have been cut, and a study will have to be made before we can determine if there are sufficient funds to carry on at the present level of flying.

(2) Engine Support. The engine support reduction was based on the NRO estimate of flying [] hours. This is logical, and the probability is that we will not fly more than this. The door is open to request overtime funds if we fly more than this. We can agree to this cut, even though it is major, and account will be closely monitored to insure that additional funds are requested if the spares or overhauls are increased during the year.

(3) Guidance. The reduction in the autopilot and the 330 INS is minor.

(4) Cameras. We have received major cuts in the camera line items, and especially in Eastman Kodak where we have been funded for a four months' rate, pending a decision on whether we continue to maintain the Eastman Kodak camera or not. Even the Hycon was cut [] and we feel it impossible to continue to support these cameras on this meager ration. We feel, as you have felt in the past, that it is foolish to attempt a covert reconnaissance mission with only one type of camera. If we are limited to the Perkin-Elmer Type I, it will reduce our capability to comply with requirements for various types of photographic missions. The [] this could bring this

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effort to a halt. You may remember that this equipment was the basis of a COMOR discussion recently, and the decision was made to increase the tempo of the testing of this sensor unit.

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(5) Airborne Electronic Equipment. Each and every line item has been cut, based solely on a supposed FY 66 expenditure. Even our plan to have Hughes tech reps support all of our airborne electronics has been cut from [] with the only explanation being that "It is believed that [] are not needed for this effort." Most of these people are already in training, and the cost to maintain this same equipment with various company technicians would probably quadruple the funding we have asked for. Our overall airborne electronics request was cut [] and this did not include procurement of needed systems as they are proved during flight test in FY 67.

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(7) Pilots. The cut here is minor, but, again, there is no good reason for it. We will try to live with the amount given.

(8) Construction, Operations & Maintenance. These approvals are livable, but the Constellation shuttle cut is unacceptable. We will study this over carefully.

b. IDEALIST

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(1) Lockheed Service. The cut from [] to [] is probably unacceptable. They have cut the spares from []. The impact here, of course, is that we do not have sufficient funds to continue to fly the aircraft, nor are there funds to maintain the crew chiefs for these aircraft.

(2) Cameras. The camera effort was cut [] and as such, is probably unacceptable. In every instance the tech reps, spares and overhaul and engineering were pared almost []. We feel that we cannot support the IDEALIST camera effort with

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technical representatives, spares and updating, with the amounts approved. Again, the heart of a covert reconnaissance effort is the equipment carried in the bay.

(3) Airborne Electronic Equipment. This effort was cut. Items such as the time code generators, etc., that are necessary to keep our systems working were cut. Even the tech reps necessary for field support of single side band radios were cut from. We feel it is impossible to have an airborne capability with the funds allowed for spares, tech reps and updating. This does not include any funds for procurement of new equipment, if found to be required during FY 67.

(4) Pilots. The cut here is very minor, and we probably can live within this by tightening our belts. It seems to us to be a poor area in which to make minor cuts of in tech reps (for pilots' equipment), when we can't cut tech rep salaries.

(5) Construction, Operations & Maintenance. Out of was approved. The instrument laboratory at Detachment G was specifically disapproved.

5. We plan to rebut the initial approvals in detail, and, in preparation toward this effort, the contract monitors and technical monitors have been alerted to carefully review all approvals and submit an impact paper to the Comptroller by Thursday, 7 July. This will be reviewed with if he requests a briefing on the impact of the budget. I have not commented on the and General R&D areas, but these also have been heavily cut, especially the general R&D for aircraft sensors, which was cut from a requested ISINGLASS was not given any funds at this time.

6. One further important change in previous policy is that all of our excess funds from FY 66 will be picked up by the NRO and returned to us as part of our 67 funding. In reality what this does is to preclude our funding of items such as airborne electronics, procurement of cameras, etc.,

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and gives the NRO an additional source of FY 67 funds for their distribution. For the OXCART this amounts to [redacted] of which [redacted] is the Pratt & Whitney surplus. For the IDEALIST this amounts to [redacted] These amounts are general numbers and specifics will not be known until late in July.

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[redacted]
Comptroller, Special Activities

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PS/OSA: [redacted] (5 Jul 66)

Distribution:

Cy 1 - D/SA
Cy 2 - D/TECH/OSA
Cy 3 - D/FA/OSA
Cy 4 - C/MD/OSA
Cy 5 - C/CD/OSA
Cy 6 - COMP/OSA
Cys 7, 8 - PS/OSA
Cy 9 - RB/OSA

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